

# Municipal Taxes & Fees: An Introduction

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# Overview

- **Municipal taxes**
  - Sales and use taxes
  - Property taxes
  - Occupation taxes
  - Other taxes
- **Municipal fees**
- **Taxpayer Bill of Rights (TABOR)**

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# Sales & Use Taxes: Background

- Primary municipal revenue source
- Sales tax versus use tax
- Statutory versus home rule



## **Key home rule tax cases**

- *Berman v. Denver*, 400 P.2d 434 (Colo. 1965)
- *Security Life v. Temple*, 492 P.2d 63 (Colo. 1972)
- *Winslow v. Denver*, 60 P.2d 685 (Colo. 1998)

## **BUT! An exception for tax appeals**

- *Walgreens v. Charnes*, 819 P.2d 1039 (Colo. 1991)

# Sales & Use Taxes: \*Collection Methods

	State Collection	Self Collection
<b>Who</b>	Statutory municipalities and home rule municipalities that elect to do so	Home rule municipalities
<b>Controlling laws</b>	Subject to state's tax base (with flexibility for exemptions), enforcement, and auditing	Local control over tax base, enforcement, and auditing, but simplification efforts encouraged
<b>Revenue level</b>	Recent, limited data suggests there might be increased revenue	Historically, self-collection brought in more revenue than state collection
<b>Staffing/resources</b>	Less staff and resources required	More staff and resources required

\*This chart only applies to sales tax. The state does not collect any use tax on behalf of local governments.

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# Sales & Use Tax: Simplification

- Colorado's tax system
- Simplification projects
  - Standard definitions
  - Model ordinances
- *South Dakota v. Wayfair*, 585 U.S. 162 (2018)
- Sales and Use Tax System (SUTS)



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# Property Tax



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# Property Tax

- The rise and fall of Gallagher
- Revenue limits
  - TABOR (Colo. Const., Art. X, Sec. 20)
  - 5.5% limit (C.R.S. § 29-1-301)
  - 10.5% biennial limit (C.R.S. § 29-1-1701)
- Pros and cons



# Occupation Tax

- Tax imposed for the privilege of operating a business or practicing an occupation or profession within the taxing jurisdiction
- Statutory authorization: C.R.S. § 31-15-501(1)(c)
- Pros and cons



# Other Taxes

- Lodging tax
- Admissions or entertainment tax
- Real estate transfer tax (generally prohibited)
- Local income tax (generally prohibited)



# Municipal Fees

- Fees
  - Charges imposed for the purpose of defraying the cost of a particular government service that benefits the recipient or off-sets the burden of the regulation
  - Must be reasonably related to the overall cost of the service
  - Tax versus fee



## **Key tax versus fee cases**

- *Bloom v. City of Fort Collins*, 784 P.2d 304 (Colo. 1989)
- *Colo. Union of Taxpayers Found. v. Aspen*, 418 P.3d 506 (2018)

# Municipal Fees

- Impact fees
  - *Sheetz v. El Dorado County*, 144 S. Ct. 893 (2024)
    - *Nollan v. California Coastal Commission*, 483 U.S. 825 (1987)
    - *Dolan v. City of Tigard*, 512 U.S. 374 (1994)
  - C.R.S. § 29-20-203
  - C.R.S. § 29-20-104.5
- Special assessments

# TABOR



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# TABOR: Elections

- New and increased taxes
  - Any new tax
  - Tax rate increases
  - Mill levy above prior year
  - Increased assessment rate for a class of property
  - Extension of an expiring tax
  - Tax policy change directly causing a net tax revenue gain
- Debt
- Retention of excess revenue

## **Key TABOR cases**

- *Mesa County v. Ritter*, 203 P.3d 519 (Colo. 2009)
- *TABOR Foundation v. RTD*, 416 P.3d 101 (Colo. 2018)
- *MetroPCS v. City of Lakewood*, 576 P.3d 139 (Colo. 2025)

# TABOR: Revenue Limits

- Revenue limit = amount of revenue collected in prior year adjusted for **inflation** plus **local growth**
  - **Inflation** = Denver-Boulder CPI
  - **Local growth** = based on net change in actual value of real property
- Debrucing
  - “Without increasing any tax or imposing any new tax, shall the City/Town of \_\_\_\_\_ be authorized to collect, keep and spend all revenues which it receives from all sources notwithstanding the limits of Article X, Section 20 of the Colorado Constitution or any other law?”



# TABOR: Other Provisions

- Prohibitions
- Emergency reserve
- State mandates
- Enforcement



# Other Resources

- CML Books
  - Municipal Taxes & Fees
  - TABOR
- Pages on CML's website
  - [Standard definitions](#)
  - [Economic nexus and marketplace facilitators](#)
- Colorado DOR's [SUTS website](#)
- Department of Local Government's [Budgeting & Finance website](#)
- Inquiring with CML staff

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# Thank you!

Contact me any time at [rbender@cml.org](mailto:rbender@cml.org)



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